



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0087	Title:	Provide increase in employer contribution to optional retirement program
Primary Sponsor:	Dickenson, Sue	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$1,878,000	\$2,038,000	\$2,221,000	\$2,432,000
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$1,878,000)</u>	<u>(\$2,038,000)</u>	<u>(\$2,221,000)</u>	<u>(\$2,432,000)</u>

Description of fiscal impact: HB 87 increases the Montana University System employer's retirement contribution by 1.0% for employees participating in the Optional Retirement Program. The 1.0% increase is applied to each participant's earned compensation. The increase is paid by a statutory appropriation from the general fund.

FISCAL ANALYSIS

Assumptions:

1. A general fund statutory appropriation will pay for the additional employer contribution regardless of the funding source, to reduce federal research, for the salary of the employee in the Optional Retirement System.
2. The total of the Montana University System's participant's earned compensation for FY 2008, including a 1% employer contribution increase is estimated below.
3. The number of participants in the Optional Retirement System grows at a rate higher than the normal growth in salaries grow due to the requirement that all newly hired faculty and certain professional staff

must join ORP. When MUS staff members in Teachers Retirement System (TRS) retire, they are replaced by staff under the provisions of ORP.

	FY 2010	FY 2011	FY 2012	FY 2013
ORP Salaries	\$187,825,665	\$203,790,847	\$222,132,023	\$243,234,565
Increase Contributions Employer Increase 1.0%	\$1,878,000	\$2,038,000	\$2,221,000	\$2,432,000
Annual Estimated Growth in ORP Salaries	8.0%	8.5%	9.0%	9.5%

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Personal Services	\$1,878,000	\$2,038,000	\$2,221,000	\$2,432,000
<u>Funding of Expenditures:</u>				
General Fund (01)	\$1,878,000	\$2,038,000	\$2,221,000	\$2,432,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$1,878,000)	(\$2,038,000)	(\$2,221,000)	(\$2,432,000)

Sponsor's Initials

Date

Budget Director's Initials

Date